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JUNE 29, P. M.

The AGRICULTURAL OUTLOOK DIGEST

AGRICULTURAL MARKETING SERVICE, U. S. D. A.

WASHINGTON, D. C.



AOD-66 JUNE 1960

Heavy exports during the 1959-60 marketing year which ends July 1 practically halted the build-up in the wheat carryover.

Shipments abroad top half a billion bushels for third time in history. Preliminary estimate is 510 million bushels, a little above the 504 million of 1948-49, but below the 550 million of 1956-57. The 1958-59 figure was 443 million. Use of wheat in this country is near the level of recent years.

Total disappearance for the marketing year just ending about equals the 1959 crop, plus the usual small quantity imported. Carryover on July 1 is estimated at about 1,285 million bushels, only 6 million more than on July 1, 1959.

Heavy demand of early postwar period pulled wheat stocks down to a low of 256 million bushels in 1952. Then they climbed to 1,036 million in 1955, dipped to 881 million in 1958, rose to 1,279 million in 1959.

Big wheat crop this year indicates build-up in carryover may be resumed in 1960-61. June 1 estimate set 1960 production at 1,271 million bushels, 13% more than 1959 crop. About 625 million is likely to be used in U.S. Exports would have to reach 650 million to prevent rise in carryover on July 1, 1961.

Exports of cotton and fats and oils also are heavy this year.

Cotton shipments for the year ending August 1 are expected to reach 6.8 million bales, 4 million more than last year. Only one other postwar year shows a higher export--1956-57 with 7.6 million. Use of cotton in the U.S. also is running above last year...about 9 million bales against 8.7 million.

Increased disappearance is expected to trim over a million bales from carryover. Estimated total of 7.8 million bales for August 1 will be smallest stocks since 1953.

A 12% increase over 1958-59 to a record export of 3.8 billion pounds is expected for food fats and oils. Boost is coming from smaller supplies from other producing areas, more competitive U. S. prices, and government export programs. Domestic use of fats and oils is running a little above last year and at a record rate.

Increase in use about matches increase in production. Not much change in stocks next September 30-- end of 1959-60 marketing year--is expected.

HOGS. June pig report confirmed outlook for a substantial drop from last year in hog slaughter this summer and fall. Spring pigs numbered 16% fewer than last year... biggest percentage drop occurred in December-February, months that supply most of the hogs for summer and early fall markets.

Hog prices are rising seasonally and have nudged above year ago levels. Peak this summer will be well above the summer of 1959, and prices will stay above a year earlier by a good margin through 1960.

Pig report indicated current cut in production is tapering off. Producers in 10 Corn Belt States plan a reduction of only 2% in farrowings for the fall crop...a cut of 6% for early months of the season, but an increase of 2% for September-November.

CATTLE. Slaughter will continue above 1959 levels through the second half of 1960. Large number of cattle on feed April 1--8% more than a year earlier--and rate of marketings since indicate heavier slaughter this summer and fall than last year. This is expected to result in modest price declines this summer with little if any recovery this fall. Autumn grass cattle marketings will be seasonally large and above a year earlier.

DAIRY. Milk prices are running a little above a year ago...are more favorable in relation to prices of both feed and beef cattle. Not much change in milk prices, other than seasonal movements, is likely the rest of the year.

EGGS. Seasonal decline in production this year is likely to be greater than usual. Laying flock is now slightly smaller than a year ago, proportion of older birds is higher, and 22% fewer replacements than last year were raised through May this year. The production outlook indicates a greater than seasonal increase in prices.

BROILERS. Settings and hatchings have been running 10 to 15% above a year earlier since early April. Marketings will begin to pick up around mid-July. Prices are likely to hold better than last summer, partly because there will be less competition from pork and demand is expected to strengthen seasonally.

FEED. Seasonal rise in farmers' prices for feed grains--8% since December--left May index 5% lower than a year earlier. High protein feed prices have moved down since the beginning of the year, and in May were 9% below May 1959. Livestock-feed price ratios are more favorable to hog, poultry and dairy producers than last spring.

FRUIT. Deciduous crops will total smaller this year than last, according to early season prospects. Spring freezes cut output in the Pacific northwest and northern Rocky Mountain States, but prospects on June 1 were generally favorable elsewhere. Bigger crops than last year are expected for peaches and sweet cherries; smaller ones for apricots, pears, plums and dried prunes in California, and strawberries. Not much change in apple production is likely.

VEGETABLES. Smaller supplies and higher prices than last year for fresh market vegetables are in prospect for the next several weeks. Production has been hindered by cool, wet weather in the northeast and central States, and dry weather in the southeast. Indicated output for 8 early summer crops is down 8% from 1959.

Supplies of canned and frozen vegetables are substantially smaller than the heavy supplies of a year ago.